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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 04/20/07

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(1) Strains between Minshuto and Social Democratic Party: Ozawa's strategy in pinch; Both parties insisting on having own candidates in the Upper House election

SANKEI (Page 2) (Excerpts)
April 20, 2007

Prior to the House of Councilors' election this summer, a fierce confrontation has started between Minshuto (Democratic Party of Japan) and the Social Democratic Party (SDP) centered on support for candidates in single-seat districts. In the Oita election district, since both parties insist on having their own separate candidate, it could lead to the cancellation of election cooperation in other districts. If that happens, not only would there be a great change in the overall design of ruling and opposition camps facing off against each other in the Upper House election, but also would create chaos in Minshuto President Ichiro Ozawa's plan for grabbing the country's political reins, as he says, "In the Upper House election, the ruling and opposition camps will trade places, and this will usher in an early Lower House election." Ozawa, who aims to have unified candidates, is being pressed to make a difficult judgment.

In the Oita election district, which set off the party standoff, both parties from last year have been coordinating to settle on a candidate. However, this February, the expected candidate that the SDP announced resulted in Minshuto's Oita chapter snapping back, "This candidate cannot win." Minshuto then selected its own candidate.

At the center, Ozawa has continue to iterate that if there is a unified candidate, that person will be supported, but with Oita response in mind, the SDP is filled with distrust, with one senior leader saying, "Ozawa is all talk."

(2) Probing Abe diplomacy -- Japan-China relations: Horse trading behind the smile

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YOMIURI (Page 4) (Excerpts)
April 12, 2007

Tug of war over joint document

Chinese Premier Wen Jiabao arrived at Haneda Airport on the evening of April 11.

Six months have passed since Japan-China relations, portrayed as being in the "worst shape ever" when Prime Minister Koizumi was in office, made a dramatic turn for the better. The friendly mood continues, but behind the scenes of the summit of the two prime ministers, horse trading was going on.

"Pending issues all form one package. If they cannot be handled as such, we need not release a joint statement." Prime Minister Abe gave this instruction on April 10 to Yuji Miyamoto, ambassador to China, who was engaged in negotiations with his Chinese counterpart to come up with a joint document.

Japan insisted that China's cooperation on the abduction issue be mentioned in the joint statement, but at the initial stage, China was unwilling to include that issue in the document. On the other hand, China pressured Japan to declare in the statement that "Japan opposes Taiwan's independence."

Reason why Wen's Japan visit was shortened

Wen's Japan visit was shortened from the initial schedule. This, too, was viewed as destabilizing element. In January, Chinese Ambassador to Japan Wang Yi sounded out Japan about a five-day trip to Japan by Wen.

Wen hoped to take a look at energy-saving technology, visit farm villages and have a dialogue directly with Japanese citizens. Japan arranged an inspection tour of a farm village in Akita Prefecture and a TV program for Wen to converse directly with Japanese people. The ruling Liberal Democratic Party's (LDP) Secretary General Nakagawa proposed: "How about having an opportunity to have a conversation with elementary school children?"

But in early March, Beijing told Tokyo that China would shorten Wen's Japan visit from the planned five days to three days, citing "domestic reasons." The idea of his having direct contact Japanese citizens fizzled out. When President Jiang Zemin and Premier Zhu Rongji visited Japan in 1998 and in 2000 respectively, they stayed for six days.

One Chinese government official emphasized: "Prior to his Japan visit, Wen visited South Korea, where he stayed for two days. He stayed in Japan for three days because the importance attached to Japan." But some sources familiar with Japan-China relations thought: "The reason for shortening his stay in Japan was because of the observation that the Abe cabinet might not last long, given its sliding approval ratings."

It is not clear if that was the case, but make no mistake, facing a Communist Party Congress this fall that comes every five years, the Hu Jintao government is jittery about not mishandling its relations with Japan.

"Pressure" from both conservatives, liberals

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Responding to China's offer, Abe announced during the Japan-China summit on April 11 that he planned to travel to China by the end of the year. There is a theory that someone on the Chinese side was motivated to create an environment that would make it difficult for Abe to visit Yasukuni Shrine during its autumn festival.

Should Abe still pay homage at Yasukuni Shrine, "It would have a much bigger impact than Prime Minister Koizumi's visits to the shrine," a government source said. The Hu government now seems perplexed as to how far it can put its faith in Abe.

Until the end of last year, Hu seemed eager to lead the way to Japan, but instead of him coming, Wen's visit was realized first, though shortened from the initial plan. The changes may stem from China's sense of alarm to Abe's recent "return" to his former hawkish stance.

On the other hand, China's attitude toward Japan has never changed so markedly in the past. In mid-March, the Foreign Ministry's Foreign Policy Bureau Director-General Chikao Kawai visited Beijing for talks with his Chinese counterpart on the reform of the United Nations. Kawai was surprised by the change in the mood toward Japan.

Chinese officials expressed a strong expectation of a "bigger role to be played by Japan in the international community," although China until then had blocked Japan's move for obtaining a permanent seat on the UN Security Council.

The effectiveness of parliamentarian diplomacy was not insignificant. Lawmakers who politically supported Japan-China relations throughout the period under the Koizumi administration when things were going from bad to worse included former Prime Minister Ryutaro Hashimoto, Lower House Speaker Yohei Kono, former Foreign Minister Masahiko Komura, chair of the Japan-China Friendship Parliamentary League, the ruling Liberal Democratic Party's (LDP) Diet Affairs Committee Chairman Toshihiro Nikai, and the junior coalition partner New Komeito's Representative Akihiro Ota.

Most of those legislators are worried about Abe's highly hawkish political stance. On the other hand, discontent with Abe's diplomacy toward China is strong among those lawmakers who had expected Abe to take hard-line foreign-policy positions.

In order for Abe to display his leadership for the promotion of his "strategic mutually-beneficial relationship" between Japan and China, the question is whether he can maintain his own political stability and not waver despite pressures from both sides.

(3) Commentary: Aegis data leak-Self-discipline the source of

scandals

YOMIURI (Page 11) (Full)

April 19, 2007

Hidemichi Katsumata, senior writer

An incident involving the Maritime Self-Defense Force has been brought to light in connection with its members' leakage of confidential data on its Aegis missile defense system. To cut off

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the chain of scandals, all of the Self-Defense Forces, from its top

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brass down, need to be fundamentally aware of their duties all over again.

The incident came to light with the discovery of military data on the capability of Aegis vessels from the hard disk drive of a personal computer owned by a 33-year-old petty officer second class assigned to the MSDF's Escort Flotilla 1 based in Yokosuka, Kanagawa Prefecture. Kanagawa prefectural police and the MSDF's shore police command are now investigating the case in a hurry to find out how the data leaked.

In the past, there were similar information leaks. In February last year, a large amount of confidential information, including IFF (identification friend or foe) call signs for vessels, flowed out via an MSDF member's privately owned personal computer. Since then, there seems to have been no end to the outbreak of such incidents. For one thing, the SDF does not have enough government-furnished computers. As it stands, SDF personnel have no choice but to use their own personal computers.

So the government has urgently procured 56,000 computers for official use since last year. Concurrently, the Defense Ministry issued a notification, which, in the name of its vice minister, prohibited its personnel from: 1) handling official data on their privately owned personal computers; 2) bringing in privately owned personal computers to their workplaces; and 3) bringing out government-furnished computers from their workplaces. In this way, the Defense Ministry has taken preventive steps.

However, what is surprising in the incident this time was a casual remark from an SDF echelon officer. This officer said, "It's impossible to keep even the rank and file informed about the vice minister's notification."

One may say the SDF officer was honest with himself. However, the SDF is a military organization. The vice minister's notification to its members is tantamount to an order for them to obey, isn't it? After receiving a notification, SDF commanding officers are to issue orders to SDF members under their command and check to see if the orders have been carried out without fail. That is the way of command, and it is an essential responsibility for the SDF brass to do so.

There is an example of directions for SDF members.

The Ground Self-Defense Force's 1st Airborne Brigade, based at Narashino in Chiba Prefecture, is a troop of crack rangers. What was a serious shock to this powerful troupe was a fact that became known in the aftermath of the Aum Shinrikyo religious cult's sarin nerve gas attack on Tokyo's subway systems in 1995. Some of the airborne brigade's troopers were Aum Shinrikyo followers, and they spilt the beans about plans to raid the cult's facilities. They bugged their commander's official residence as directed by cult leaders who attempted to fathom the SDF's moves.

The SDF conducted thoroughgoing guidance for its personnel in order to restore its lost reliability. According to one GSDF officer who once commanded a battalion, his men began with a brainstorming session while sitting in a circle around him. Those living in apartments outside their garrison were subject to biannual spot inspections at their homes in the spring and fall of every year. One

of his battalion's members was urged by a loan shark to pay back his debt. The officer says he kept the battalion member's bankbook and

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managed this member's payroll until he paid off the debt.

The GSDF officer said: "If we do this kind of thing all of a sudden, that will only arouse bad feelings. There was also a protest from the family of one member. His family said it's an invasion of privacy. But they understood when I explained why." Of course, there are probably arguments for and against that way of doing things. "Are you going that far?" This question just escaped my lips. The former battalion commander added: "To do so, I needed to have a relationship of mutual trust with them. That's the way of command."

During the bubble economy period in the late 1980s and in the early 1990s, the SDF set forth a number of attractive recruitment plans to struggle with private businesses for human resources. In those days, SDF personnel made much of "self-discipline." The SDF took various actions, such as allowing its members to live off base after hours, billeting each member in a single occupancy room, and relaxing curfews. However, such steps have only resulted in encouraging SDF personnel's individualism and their commanding officers' hands-off policy. Those actions were fatal mistakes for the SDF as a military organization that weighs organization and command. This can be called the source of scandals.

The SDF is not what it used to be, so the question is what the SDF should do to pull itself together again.

"Senior officers and commanding officers must always think about what to do so that they can get more chances to engage with their people," one SDF brass officer says. This echelon officer added: "Are we getting along with each other so that we can fight together when we've got to do so? Are we confident that we can entrust each other with our lives? All of the Self-Defense Forces should go back to the starting point of the Self-Defense Forces." With this, the officer cautioned himself.

People in general are leaning toward individualism, so it would be a difficult task to cement human relations. However, we cannot sidestep the challenge in order for the SDF to solidify its public credibility-and in order for Japan to make its ties with its ally rocksolid.

(4) WTO exporting group issues statement calling on Japan, US, Europe to open agricultural markets, with aim of concluding Doha Round this year

YOMIURI (Page 9) (Full)
April 19, 2007

The Cairns Group, composed of 19 agricultural-exporting countries such as Australia and Brazil, released after their ministerial meeting in Pakistan on April 18 a joint statement urging Japan, the United States, and Europe to open up their agricultural markets. The call stems from a desire to conclude the Doha Round of trade liberalization talks under the World Trade Organization (WTO) by the end of this year.

Japan will host jointly with Australia a Group of Six (G-6) ministerial meeting in Tokyo in late May. On that occasion, Japan's management ability and determination will be put to the test.

The statement called for Japan, the US, and Europe to promote liberalization further through domestic reforms, noting: "It is impossible to bring about a success to the New Round without

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comprehensive agricultural reforms." The statement also indicated that if substantial progress is made within several weeks, it might be difficult to settle the talks by the end of the year.

In the agriculture sector, which holds the key to the outcome of the

trade liberalization talks, the US, whose opposition to a proposal for drastically cutting agriculture subsidies has put the talks to a standstill, has begun to show a willingness to make a concession, while the European Union (EU), which was at odds with the US, is also becoming conciliatory.

The US, though, fears that even if it reduces farm subsidies, influential developing countries might not fully open up their markets. As US Trade Representative (USTR) Suzan Schwab said: "The G-4 - the US, the EU, India, and Brazil - are major players in global trade," the US is aiming to bring such major developing countries as India and Brazil to its side.

Japan speculates that such moves might be an attempt to isolate Japan. Japan is maneuvering to make a rollback by winning over the EU and India in the coming G-6 ministerial in Tokyo.

But Australia, another sponsor of the G-6 talks, leads the Cairns Group, which is calling for capping all tariffs on agricultural products. Naturally, its stance conflicts with Japan's. Japan is being pressed to play three roles in the upcoming meeting, that is, drawing out concessions from each country in order to move negotiations forward; giving consideration to farm-exporting countries' matters of interest; and having its own proposal accepted.

(5) Kawasaki eager to form alliance against Abe, Tanigaki evasive

SANKEI (Page 5) (Abridged slightly)
April 20, 2007

Former Health and Welfare Minister Jiro Kawasaki, a heavyweight in the Tanigaki faction in the Liberal Democratic Party, has published a book titled Will We Really Be Able to Become Happy by Continuing to Aim at an American-Style Society? (Diamond Co.) In the book, Kawasaki harshly criticizes Prime Minister Shinzo Abe's strategy for economic growth as an approach catering to money-driven corporations. With an eye on the political situation after the Upper House election this summer, Kawasaki and others are planning to form an alliance against Abe with the new YKK trio, who include former Secretary General Koichi Kato. In contrast, the faction head,

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Sadakazu Tanigaki, a former finance minister, remains elusive. All sorts of plans have surfaced and disappeared, such as forming an alliance with Kochikai or the Shimazu faction. Against such a backdrop, does Tanigaki have any secret plans?

"The government's policy is extremely similar to the competition-oriented American policy. Setting unattainable economic growth and aiming at unreasonable spending cuts are not the direction for Japan, a country with a rapidly aging population."

Kawasaki, known as a policy expert, pointed out inconsistencies in the Abe administration's economic policies by using ample data, explaining the reality of social security, and proposing ways to increase GDP per capita.

Although he did not attack any specific individuals or touch on possible Lower House dissolution, Kawasaki was the main architect of

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the so-called Kato rebellion against then Prime Minister Mori in 2000. The book is intended to expose the difference in policy between Tanigaki and the current administration with the aim of portraying Tanigaki as a promising candidate for the next LDP presidential race. In the event the LDP is defeated in the upcoming Upper House election, Tanigaki would immediately be able to come forward as a capable successor to Abe.

Kawasaki is intent on forming an alliance against Abe in collaboration with the new YKK trio -- former LDP Vice President Taku Yamasaki, former secretaries general Makoto Koga and Koichi Kato -- and the Tsushima faction. Former Defense Agency chief Gen Nakatani and former Deputy Chief Cabinet Secretary Hiroyuki Sonoda share Kawasaki's plan.

But Tanigaki has been keeping a low profile. While Kato and Yamasaki are scheduled to visit China and South Korea from April 27 to May 2 to make a clear distinction with the Abe administration, Tanigaki will host workshops for his faction on April 28-29 in Hakone. Tanigaki has never attended meetings of the Group to Study Asia Diplomacy and Security Vision, established by Kato to find faults with Abe's foreign policy.

A Tanigaki aide explained his equivocal behavior this way: "Mr. Tanigaki fears that once he joins hands with Kato, who has a strong personality, Mr. Kato will take the initiative away from him." Tanigaki's indecisiveness has given rise to skepticism about his aptitude to become prime minister.

(6) METI to revise law to prevent industrial espionage based on Denso case

ASAHI (Page 8) (Abridged slightly)
April 20, 2007

The Ministry of Economy, Trade and Industry (METI) revealed a plan yesterday to revise the unfair competition prevention law in order to prevent damage from corporate spies. The ministry, which has already begun taking steps to tighten regulations on foreign direct investment to prevent key technologies from flowing out of Japan with corporate mergers and acquisitions, is determined to swiftly review the current system, which is being criticized as too lenient.

Administrative Vice METI Minister Takao Kitahata held a press conference in Nagoya yesterday in which he unveiled a plan to establish a council to study ways to revise the existing legal system by citing the removal of data by a Chinese engineer of Denso, a global supplier of automotive components based in Kariya City, Aichi Prefecture.

Kitahata said: "We need to raise industrial awareness against the outflow of key technologies from oversea production bases, as well."

Criminal penalty against infringements on trade secrets, such as technological data before applications are filed for patents, was introduced in 2003 when the unfair competition prevention law was revised.

The penalty was raised last year to up to 10 years in prison or a fine of up to 10 million yen - twice severer than before. The law still has many conditions such as that a criminal charge must be

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filed before indictment and that the purpose of unfair competition must be proven. This makes investigative authorities to apply the law.

Although the Aichi prefectural police had arrested the Chinese Denso engineer on suspicion of embezzlement, the Nagoya District Public Prosecutors Office released him earlier this month. They failed to apply the law. Proving the purpose of unfair competition was difficult.

The ministry will review the required conditions for infringements on trade secrets and the guidelines for the management of trade secrets.

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The ministry, which regards the Denso case as the tip of the iceberg, is highly alarmed at industrial espionage and technology outflows.

Their concern comes from: (1) technological development in Asia, such as South Korea, Taiwan, and China, (2) growing problems associated with people laid off by Japanese companies, and (3) active international M&As.

Starting this summer, METI and the Finance Ministry will also expand the scope of businesses subject to the regulations on investment in Japan under the Foreign Exchange and Foreign Trade Control Law.

(7) LDP at odds with New Komeito over receipt-attachment requirement in revising Political Funds Control Law

ASAHI (Page 4) (Slightly abridged)
April 20, 2007

The Liberal Democratic Party and the New Komeito are still at odds over the issue of increasing transparency in the flows of political funds. Both ruling parties exchanged the main points of their respected draft revisions to the Political Funds Control Law yesterday, but on the matter of making it mandatory to attach receipts for ordinary outlays, they failed to find common ground. A decision will be made sometime after the Golden Week holidays. When Agriculture, Forestry and Fisheries Minister Matsuoka's utility-charge scandal came to light, the LDP indicated eagerness toward revising the law. As the uproar over the Matsuoka scandal has calmed down, however, the main ruling party has lost interest in the revision.

A senior LDP official said: "Many party members are worried that if attaching receipts is mandated, they may be unable to carry out political activities without restrictions." New Komeito Political Reform Headquarters head Junji Higashi retorted: "Your assertion is strange. Wining and dining expenses should have been released as political activity outlays."

In a meeting of the ruling parties' project team held in the Diet building yesterday, the LDP did not incorporate the requirement of attaching receipts in its draft outline, which was shown to the New Komeito. The LDP cited the reason that administrative work will become complicated. With an eye on the House of Councillors election this summer, however, the New Komeito is willing to highlight its eagerness to increase transparency in the flows of political funds. The meeting yesterday ended up underscoring a wide gap existing between the two ruling parties.

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In a press conference on April 9, LDP Secretary General Hidenao Nakagawa said: "It is now time for the ruling camp to coordinate views. It would be desirable to harmonize opinions in the ruling camp by the time of the by-elections (for Upper House seats on April 22)."

In addition, when LDP Reform Implementation Headquarters head Nobuteru Ishihara presented to him the party's draft revision bill that sidestepped the receipt-attachment requirement, Nakagawa pointed it out. An increasing number of LDP members had thought that the party would have no choice but to include the receipt-attachment requirement in its draft bill, reflecting Nakagawa's desire. Nakagawa himself had believed that the LDP draft bill would be adopted on the 19th without fail.

In the party, however, cautious views are still predominant, as represented by Diet Affairs Committee Chief Vice Chairman Goji Sakamoto's remark: "It reportedly is a lot of work to collect receipts. Looking at the actual situation, it seems difficult."

A senior LDP member who is engaged in drawing up the revision bill told a senior New Komeito official: "Some have begun to worry that it could stir up a hornet's nest and that new criminal cases could be exposed if a new system is formed."

Prime Minister told reporters yesterday: "I hope a draft will be finalized without any loss of time. If necessary, I would like to give an instruction." But it is to be seen how serious he is to contain the resistance in the LDP.

Speculation of keeping Matsuoka scandal on backburner detected among senior LDP members

Emerging as a likely landing point is a plan to impose the receipt-attachment requirement only on political funds management organizations.

Discussion was conducted, on the presupposition that the requirement be applied to all political groups, but the New Komeito presented the above compromise plan during the project team's meeting yesterday. After the meeting, New Komeito House of Representatives member Yoshinori Ooguchi explained: "Compared with other political groups, political funds management organizations are more closely linked to politicians personally and financially."

Under this measure, though, other political organizations might be used as a loophole. Still, many LDP members are reluctant to adopting the requirement of attaching receipts, one senior member saying, "Our free activities will be restricted, because limits will be set on places and the number of politicians for meeting."

In addition, senior LDP officials are concerned about a re-ignition of the furor over the Matsuoka scandal, a senior LDP official remarking: "Although the scandal has already sunk into the background, we must try to avoid the scandal from being focused on once again."

SCHIEFFER